Comparison of Current Pension Benefits and Proposed UPP3 JSPP Provisions at University of Guelph

| Benefit Provisions | Current University of Guelph Retirement Plan (UGRP) for CUPE, OSSTF, Unifor, OPSEU, USW, UGFSEA, and Exempt Group | Proposed University Pensions Project 3 (UPP3) Plan**Items in Green are Improvements in UPP3, Red text = reduction in UPP3,** Black text is status quo | Current University of Guelph Professional Pension Plan(UGPPP) for Faculty Association (UGFA), ONA, CARG, and Professional & Management Employees (P&M) |
| --- | --- | --- | --- |
| 1 | Average Earnings | Best Average Earnings of 3 (BAE(3)) consecutive years or 36 consecutive months | Best Average Earnings of **4 (BAE(4))** non-consecutive years or 48 **non-consecutive** months | Best Average Earnings of 3 (BAE(3)) consecutive years or 36 consecutive months |
| 2 | Accrual Rate | 1.6 % up to YMPE (OSSTF, CUPE, USW, & Exempt Group)1.5 % up to YMPE (OPSEU, Unifor & UGFSEA)2.0 % above YMPE | **1.6 %** (Improvement only for OPSEU, Unifor, UGFSEA, & UGPPP Members status quo for other groups) up to YMPE2.0 % above YMPE | 1.5 % up to YMPE2.0 % above YMPE |
| 3 | Pension Formula for Defined Benefit Plan  | Accrual Rate x BAE(3) x Years of Service in UGRP | Accrual Rate x BAE(4) x Years of Service in UPP3 | Accrual Rate x BAE(3) x Years of Service in UGPPP |
| 4 | Post-Retirement IndexationFormula | (CPI – 2 %)CPI = Consumer Price IndexIf CPI is less than or equal to 2 % then no indexation would apply for that year. | **(75 % of CPI)**Unless CPI = 0 % there will always be the potential for some indexation. | (CPI – 2 %)CPI = Consumer Price IndexIf CPI is less than or equal to 2 % then no indexation would apply for that year. |
| 5 | Guaranteed or Conditional Indexation | Indexation is funded and guaranteed. | Indexation is funded **but conditional as determined by** Plan Sponsors | Indexation is funded and guaranteed. |
| 6 | Form of Guarantee with a Spouse at Retirement | Joint & Survivor = 60 %J&S(60%) means that if member dies before his or her spouse then eligible spouse will continue to receive a reduced pension in the amount of 60 % of member’s pension for the rest of their life. | **J&S(50%)** = Joint & Survivor of 50 % | Joint & Survivor = 60 %J&S(60%) means that if member dies before his or her spouse then eligible spouse will continue to receive a reduced pension in the amount of 60 % of member’s pension for the rest of their life. |
| 7 | Form of Guarantee without a Spouse at Retirement | Life with 5-year Guarantee ((LG(5)) means that if member dies within the first five (5) years as a retiree the balance of the five years will be paid to the beneficiaries or estate. If a member dies after being retired for more than five (5) years then there is nothing to pay out. | **Life with 10-year Guarantee ((LG(10))** means that if a member dies within the first ten (10) as a pensioner the beneficiaries or estate would get the balance of the unpaid years as a lump sum payment.  | Life with 5-year Guarantee ((LG(5))  |
| 8 | Early Unreduced Retirement (EUR) | Age 55 + Factor 85 (For CUPE, USW, and UGFSEA)Member must be minimum age of 55 with a combined age and years of credited service factor of 85 to be eligible to take an EUR. Age 60 + Factor 90 (For OSSTF, OPSEU, Unifor, & Exempt Group)Member must be minimum age of 60 with a combined age and years of credited service factor of 90 to be eligible to take an EUR. If both targets are not met, then pension would be reduced by 0.25 % for each month (3 % per year) by which the member’s Early Retirement Date precedes the earliest of the Normal Retirement Age (NRA) of 65 and the later of when the member would have become eligible for an EUR.Most members would have reduction applied not from Age 65 but when they would have reached the EUR. | **Minimum Age 62** + **Factor 80**Member must be minimum age of 62 with a combined age and years of service Factor of 80 to be eligible to take an EUR. If both targets are not met, then pension is **reduced from Age 65** by **0.416 % per month or 5 % per year.** Proposed grand-parenting would allow those members who are three (3) or fewer years away from reaching their Early Unreduced Retirement when they join a new JSPP to count those years under their current plan provisions for reductions to be applied. | Minimum Age 55 + 85 Factor (ONA)Minimum Age 60 + 85 Factor (Professional & Management Employees)Minimum Age 60 + 90 Factor (CARG)Minimum Age 62 + 87 Factor (UGFA)If both targets are not met, then pension would be reduced by 0.25 % for each month (3 % per year) by which the member’s Early Retirement Date precedes the earliest of the Normal Retirement Age (NRA) of 65 and the later of when the member would have become eligible for an EUR. |